

**Panel Member: Bill Johnson, President**

Pee Dee Federal Savings Bank  
Marion, South Carolina

**Who is Pee Dee Federal Savings Bank?**

Pee Dee Federal Savings Bank is a highly capitalized mutual institution located in Marion, South Carolina. It holds approximately \$53 million in total assets and operates from two offices Marion County. The bank is a portfolio lender and does not do any fixed rate lending. While predominately a single-family residential lender, Pee Dee Federal Savings Bank also has a portfolio of consumer non-mortgage loans, and has a loan to deposit ratio of 117 percent.

**Discussion Outline:**

Pee Dee Federal Savings Bank's situation

Competition

- 4 commercial banks
- 1 local bank

Community

- Community is located 45 miles west of Myrtle Beach, SC
- 35,000 population
- February unemployment was 16%
- Mostly rural agricultural - primary cash crop is tobacco
- Per capital income is \$15,134 for county and \$19,896 for state
- 27% of all families in moderate-income level are below poverty level
- 70% of students in Marion County are on subsidized or free lunch program
- Manufacturer just laid off 250 employees
- 2<sup>nd</sup> manufacturer announced plant closing

Under served Market

- During past 8 years, community was not a recipient of economic growth
- Board and management had to decide how to address community's needs
- The "under served" in Marion County was the entire county with highest unemployment in state which is double digit
- Most beneficial would be to create jobs (economic development)

Contributions

- Provide a \$20,000 interest free line of credit
- Contributed \$72,000 to construct homes - only institution to sponsor a project
- Service the loans at no charge
- Officers participation on Board and select committee
- Bank assisted Marion County Habitat for Humanity in obtaining a \$52,500 subsidy under the FHLB of Atlanta's Affordable Housing Program
- Provided \$ 100,000 funding for Francis Marion University foundation

- Over three-year period gave \$5,000 to historic downtown Marion revitalization
- \$750,000 investment in industrial specbuilding. Anticipate taking five years to sell - contribution to economic development \$25 to \$30 thousand per year
- Purchase of economic development center in amount of \$200,000 and lease back to the county for \$1 per year.
- Committed \$5,000 per year for 5 years for purchase of fire truck for the City of Marion. This provides coverage for new hospital and reduced town's fire rating from a 5 to a 4, which dropped insurance rates
- Provide welcoming breakfast for newly hired teachers. Will have an opportunity to personally meet School Board Members, Mayor, and County Administrator. Provide contact person at the Bank to each teacher for speakers, financing of field trips, school supplies to students and teachers if needed, and offer to arrange field trips to visit local industry.

#### Contributions of Personnel

- Senior management responsible for forming Eastern South Carolina Alliance.
- Organized an economic development coalition between 7 counties.
- Senior management honored as South Carolina Ambassador for Economic Development by South Carolina Department of Commerce
- Management worked with County Schools and instructed 6th and 7 graders about personal finances and basic business principles. Program was for a period of six weeks.
- Senior management is on the Board of Directors of Marion County Habitat for Humanity and management is on the family selection committee
- Senior management is on the Board of Directors of the Downtown Marion Historic Revitalization.
- Management is on councils of County Government and City Government
- Senior management in on the Local Economic Development Board
- Senior management is on local hospital board

#### Issues - Board and Management

- Purpose of Pee Dee Federal Savings Bank's existence?
  - o Since 1935 the Bank provided a safe place to save and finance housing
  - o Bank was and still is community focused
  - o Live, work and socialize with our neighbors who are our customers. Some one at the Bank (board member or officer) personally knows the Bank's customers and their families
  - o Our Bank feels and understands their losses, tragedies, successes, and happiness
  - o The Bank's success and continued viability is to understand our communities needs (financial as well as personal)
- Make full commitment to stay Mutual (can not be as caring in stock form when numbers driven)
- Make commitment to follow mission of Bank.

- o Provide financial services to citizens of Marion County and return profits back to the community in the form of support of the Community and the County's economic development

- Had to think outside of the box in the form of meeting community's financial needs, and what needed to be accomplished within the community
- Profits had to be a concern. If there were no profits then we could not accomplish our mission
- Had to open lines of communication with OTS to allow us to think outside the box (Atlanta Region and Washington seem to understand Pee Dee Federal Savings Bank - field examiners still want to compare Bank's ratios with those that have a different focus)

## Successes

- Strategic Plan Basics
  - o Be profitable
  - o Do not compromise Safety and Soundness issues of the Bank
  - o Look for ways to return profits back to the community. \*\*Be responsive\*\*
- Community continues to support Bank
  - o Loan rates are not the cheapest in town
  - o Deposit rates are not the highest in town
  - o Loans and deposits continue to grow and profits remain up
  - o Loan to deposit ratio is 117%
- Economic development
  - o Purchased a building to house economic development office so industrial prospect could visit the county in surroundings that are impressive. Provides a place for meetings and receptions for industrial prospects. Since the bank's purchase in 1995, Marion County has entertained 53 prospective industries.
  - o The State Commerce department states that out of all prospects that have come to South Carolina, 80% are looking for an existing building. Prior to the construction of the spec building, our county only looked at 20% of the economic prospects coming into the State. Since the spec building has been planned and finally constructed, we have seen an increase in industrial prospects looking at relocating to Marion County. The spec building was completed in 2000. During this time, we have had 24 of 53 prospects looking at Marion County.
- Reduction of insurance rates due to purchase of new fire truck
- Educational support - turnover has been reduced since the inception of the Bank's New Teacher Orientation Program